Financial Domination as a Coordination Game: A Stag Hunt Model of Competition, Trust Externalities, and Optimal Conduct

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Abstract

We model competition among online service providers in the financial domination (findom) ecosystem as a coordination problem with trust externalities. In a baseline two-player game, "high-standard" conduct (costly investment in professionalism, boundary enforcement, dispute minimization, and reputation) and "low-investment" conduct generate the payoff ordering of a Stag Hunt. We provide full equilibrium characterization, including mixed equilibrium and risk dominance. We then microfound payoffs via endogenous market participation by subs, and extend the model to an n-player setting with endogenous demand shares and evolutionary/learning dynamics. Comparative statics identify the parameters that shift the tipping point separating low-trust and high-trust equilibria. We translate these results into optimal strategic actions for dommes: invest when beliefs exceed a threshold, and, crucially, pursue mechanisms (certification, enforceable coalitions, platform design) that reduce free-riding and improve observability, thereby shrinking the basin of attraction of the low-trust equilibrium.

Plain language summary

This short note treats the online findom world as an economy: people offer a service, people choose whether to participate, money changes hands, and reputations/platform rules shape what is possible. The goal is to explain one stubborn pattern many online markets have, especially ones where trust is fragile, and what it implies for a domme trying to build income and stability[1].

What we are modeling

We are *not* trying to describe anyone individuals's private preferences, we are modelling the aggregate market structure around it.

Worse, we are modelling the world from a purely economic standpoint, assuming all dommes are the "rational actors" of traditional economic theory seeking only to optimize profit. The reality, of course, is incredibly more complex: financial domination is a *kink*, not a purely extractive economic activity. If kink-seekers are not entitled to search for a provider to satisfy their needs, findom becomes an inaccesible "luxury kink".

Alas, to provide a tractable model for analysis, our stylized model assumes the simple case:

- **Dommes** are independent "providers" competing for attention, loyalty, and spending from potential subs. They differ in style, niche, and brand, but they face similar economic tradeoffs: time, labor, safety, platform risk, and reputation.

[1] We recognize that the achievement of true financial stability in this work is a rare and coveted situation that may not be attainable.

- **Subs** are potential "customers" who decide whether to participate at all, and if so, whom to spend with. Many subs are willing to spend more and stay longer when they feel safe, respected, and confident the arrangement is legitimate and stable.
- **The ecosystem** is everything outside and including the individual domme-sub interaction that affects trust and friction: platform rules and enforcement, scam prevalence, chargebacks, doxxing risk, community norms, and the (already challenged) general reputation of "findom" in the broader internet. Crucially: one domme's behavior can affect everyone else by shaping how safe and "real" the space feels.

This last point is the whole story: *trust is partly a public good.* Individuals can contribute to it, but everyone benefits (including people who did not contribute).

Two broad strategies dommes can follow

To keep things simple, we bundle the messy real world into two "modes" a domme can operate in:

1. **High-standard / high-investment mode.**
   This includes actions that are costly in the short run but increase trust and reduce risk. Think of it as "professionalization." Examples at the business level: clear boundaries, consistent brand, screening, dispute/chargeback minimization habits, careful platform compliance, predictable communication norms, reputation-building, and long-run customer retention focus. (It is not about being "nice" versus "mean." It is about operational reliability.)
2. **Low-investment / opportunistic mode.**
   This is the "cheap and fast" path. Less overhead, less screening, less investment in reputation or stability, and more dependence on quick hits. Sometimes people choose it because they are new, overwhelmed, or testing the waters; sometimes because they are optimizing for immediate cash. Either way, it tends to produce more ecosystem friction: more misunderstandings, more churn, more disputes, and more negative stories that scare away future subs.

Both modes can make money. The key difference is how much they rely on the rest of the ecosystem being healthy.

The central problem: your payoff depends on what other dommes do

Here is the uncomfortable but useful truth: in trust-fragile markets, your business results depend not only on your actions, but on what customers believe about the overall environment.

- If the ecosystem feels broadly trustworthy and stable, more subs participate, spend more, and stick around. The "market" is bigger and less chaotic.
- If the ecosystem feels scammy, unstable, or risky, fewer subs participate, and spending/retention drop. The "market" shrinks and gets more adversarial.

That means high-standard behavior has a special property: it pays best when it is common, and can feel unrewarding when it is rare.

This situation has been studied in the theory of games as the *Stag Hunt* game; we acknowledge here that the true complexities, and many-to-many nature, of the findom market transcend the simple dynamics of this game but believe that a simplified stylized model still offers actionable insights:

- If everyone "hunts stag" (invests in standards), everyone does well.
- If you hunt stag but others do not, you eat the cost and may not get paid back.
- So people hesitate, and the whole group can slide into the low-trust, low-income state even though everyone would prefer the high-trust one.

Why two "stable worlds" can exist

In this model there are typically two stable outcomes the market can fall into:

World A: High-trust equilibrium (the good one). Many dommes run high-standard operations. Subs feel safer, platforms are less hostile, retention is higher, and the market is bigger. Dommes earn more on average and face fewer crises. This world is hard to build but profitable once it exists.

World B: Low-trust equilibrium (the crappy hellscape). Many dommes run low-investment operations (or the visible ones do). Subs become suspicious, participation drops, chargebacks/platform enforcement become more common, and serious subs quietly leave. Dommes end up competing harder over fewer good customers. People burn out faster. This world is easy to fall into and hard to escape.

What makes this tricky is that both worlds can be "self-reinforcing." If the market is low-trust, even a good agent can struggle to get rewarded for being good, because customers are braced for disappointment. If the market is high-trust, good agents get rewarded quickly and the system stays healthy.

The practical decision rule for dommes: invest when you believe "enough" others are investing

Game theory gives a simple but powerful practical lesson:

> High-standard investment becomes the best move when you believe the ecosystem is already (or is becoming) high-standard; when you think you are not going to be the only one carrying the weight.

That does not mean "standards are not worth it." It means standards are not just a personal virtue; they are a coordination problem. This is, alas, easier said than done in the primarily internet-based findom market where verification is hard and overstatement, or outright lying, is both incentivized and relatively costless.

Nonetheless, in our simplified model, a domme has two jobs:

1. Decide what is profitable given the current ecosystem.
2. Do things that change the ecosystem (e.g., provide trust, care, vetting, and quality-signalling mechanisms) so high standards pay reliably.

Most advice only talks about (1) bu the real leverage is in (2).

The most actionable insight: do not just "be better", make "better" pay

If the findom market is a Stag Hunt, the winning move is often to make high standards less risky and more visibly rewarded. In plain terms:

A) Make your quality obvious (so you get paid even if the ecosystem is messy). In the math, this is "increase observability." If subs can reliably tell you are legitimate and consistent, you do not need the whole ecosystem to be clean for your investment to pay off. Once again, though, our insight is constrained by the limiting assumption that dommes are individuals, simplify away from the very real presence of *account managers* and related support ecosystems in adult entertainment spaces.

Practically, this means building signals that are hard to fake and easy to understand: stable identity/brand, consistent public behavior, clear boundaries, predictable policies, and reputational continuity over time. The goal is: when a cautious sub scans the landscape, you appear as a clearly reliable, trustable, provider.

B) Reduce the reward for low-effort free-riding. When opportunistic behavior is profitable and indistinguishable, the whole market gets dragged toward chaos. Anything that makes free-riding less profitable helps everyone. This isn't as easy to solve as it may seem, though. A "tribute first, attention later" model transfers risks to subs that they may deem unacceptable and, more broadly, may exclude some from participating in the market altogether.

Practically, this often looks like community and platform-level mechanisms: reputation systems that matter, reporting fraud, discouraging practices that reliably lead to disputes, and not amplifying obvious bad agents. This is not moralizing; it is market hygiene.

C) Coordinate with others in ways that are enforceable. A "club" of dommes with shared standards and real consequences for violating them can shift beliefs: subs see a visible pocket of reliability; dommes see that they will not be alone; the market can cross a tipping point. Creating such clubs in practice, though, is often out-of-reach due to structural factors including the domme-sub ratio.

The important word in such a club is enforceable. A loose "we all agree to be good" does not change incentives much. But a coalition with membership criteria, public norms, and a real willingness to remove members who harm trust can.

D) Lower your personal cost of professionalism. In the model, the high-standard path has a cost. If you can reduce that cost (e.g., by operational maturity, better routines, clearer boundaries, and systems that prevent disputes) then you can afford to play the high-standard strategy even when others do not.

This is probably already understood by every practicing domme: *don't give attention to time-wasters.*

E) Choose your battlefield. Different platforms and niches have different "trust multipliers."[2] Some environments reward professionalism and punish fraud; others do not. In game terms, that changes the whole payoff structure.

Picking spaces with stronger enforcement and better signaling can move you from "standards are risky" to "standards are the obvious best move."

A realistic way to use this model

This is not a call for every domme to behave identically. It is a way to think strategically:

[2] One need only compare well-moderated subreddits to X to see this in practice.

- If you are in a niche where trust is already high (or can be made high), investing in long-run reputation and stability is often the profit-maximizing play.
- If you are in a chaotic niche where trust is low and you have no way to signal or protect your investment, then "going all-in" on overhead may not pay immediately unless you can build a visible brand moat, join a high-standard coalition, or shift platforms.

The model does not say "always do [this]." It says:

- In messy ecosystems, being good in private is not enough. You need credibility mechanisms.
- The real competitive advantage is making trust a product you can reliably sell.

Bottom line

Findom markets can behave like a Stag Hunt: two worlds are possible: high-trust/high-income and low-trust/low-income. Which one you get depends on whether enough people invest in standards and whether customers can recognize that investment.

The most actionable takeaway is strategic and slightly mischievous:

> Do not just try to outcompete other dommes for subs. Compete to design the environment where your professionalism becomes the obvious best move.

That means: make your quality legible, reduce free-riding, coordinate with enforceable groups, lower your operational cost of standards, and choose platforms that reward trust. In coordination games, the people who win are not only the best hunters, they are the ones who build the hunting party.

1 And now begins the nerdery...

Many online markets exhibit trust externalities: individual quality investment is valuable partly because it enlarges the market by increasing trust and reducing transaction risk. The findom ecosystem is an extreme case in which (i) trust and enforcement frictions are salient and (ii) reputational spillovers can be strong. We study this environment using the Stag Hunt, a canonical model of payoff-dominant yet coordination-fragile investment.

We treat the market as a generic consensual adult online service economy in which providers compete for customers under platform enforcement risk and reputational spillovers. The strategic question is: *When is it privately optimal to invest in high standards, and what actions increase the likelihood that the market selects the high-trust equilibrium?*

2 A Baseline Two-Domme Stag Hunt

2.1 Players, actions, and payoffs

Consider two representative dommes indexed by $i \in \{1, 2\}$. Each chooses one of two conduct regimes:

- S ("stag"): high-standard/high-investment conduct. This bundles actions that are costly but improve trust and reduce risk.

- H ("hare"): low-investment conduct that economizes on those costs.

Payoffs are given by the symmetric normal-form game

	S	H
S	(a, a)	(b, c)
H	(c, b)	(d, d)

where the first component is player 1's payoff and the second is player 2's.

Assumption 1 (Stag Hunt inequalities)**.** *We assume*

$$a > c \geq d > b. \tag{1}$$

Assumption 1 captures: mutual investment yields the highest payoff a; unilateral investment is worst for the investor (b) but best for the free-rider (c); mutual low investment yields an intermediate payoff d.

2.2 Equilibrium characterization

Proposition 1 (Pure Nash equilibria)**.** *Under Assumption 1, the game has exactly two pure-strategy Nash equilibria:* (S, S) *and* (H, H).

Proof. If the opponent plays S, choosing S yields a while choosing H yields c; since $a > c$, S is a best response. If the opponent plays H, choosing S yields b while choosing H yields d; since $d > b$, H is a best response. Symmetry gives the result. No other profiles are mutual best responses. □

Proposition 2 (Mixed Nash equilibrium)**.** *There exists a symmetric mixed Nash equilibrium in which each player chooses S with probability*

$$p^* = \frac{d - b}{a - b - c + d}, \tag{2}$$

and H otherwise.

Proof. Let the opponent play S with probability p. Then expected payoffs are

$$U_S(p) = pa + (1 - p)b = b + p(a - b), \qquad U_H(p) = pc + (1 - p)d = d + p(c - d).$$

In a symmetric mixed equilibrium players are indifferent: $U_S(p) = U_H(p)$, which yields (2). □

2.3 Best response as a belief threshold

Theorem 1 (Optimal action given beliefs)**.** *Let p be a player's belief that the opponent plays S. Under Assumption 1, playing S is optimal if and only if*

$$p \geq p^*, \tag{3}$$

where p^* is given by (2).

Proof. Immediate from comparing $U_S(p)$ and $U_H(p)$ as in the proof of Proposition 2. □

2.4 Risk dominance

Equilibrium selection depends on "risk dominance" (the equilibrium with the larger basin of attraction under a range of learning/perturbation models).

Proposition 3 (Risk dominance condition)**.** *In the symmetric Stag Hunt, (S, S) is risk-dominant if and only if*

$$a + b > c + d, \tag{4}$$

equivalently $p^* < \frac{1}{2}$. If $a + b < c + d$, then (H, H) is risk-dominant.

Proof. A standard characterization in symmetric 2×2 games: (S, S) is risk-dominant iff the product of deviation losses at (S, S) exceeds that at (H, H), i.e. $(a - c)^2 > (d - b)^2$, which is equivalent to $a - c > d - b$ and hence to (4). Using (2), one checks $p^* < \frac{1}{2} \iff a + b > c + d$. □

3 Microfounding the Payoffs via Sub Participation

The reduced-form payoff matrix is informative but gains bite when its parameters are tied to market primitives.

3.1 Participation externality

Let the mass of potential subs be normalized to 1. Let $Q_m \in [0, 1]$ denote the measure of participating subs when exactly $m \in \{0, 1, 2\}$ dommes choose S. We impose:

Assumption 2 (Trust increases participation)**.**

$$0 \leq Q_0 < Q_1 < Q_2 \leq 1. \tag{5}$$

Let $\tau > 0$ denote expected net revenue per participating sub (net of expected transaction frictions). Let $k > 0$ be the cost of choosing S. Assume participating subs split evenly between the two dommes.[3]

Then the payoffs in the matrix are:

$$a = \frac{\tau Q_2}{2} - k, \qquad b = \frac{\tau Q_1}{2} - k, \qquad c = \frac{\tau Q_1}{2}, \qquad d = \frac{\tau Q_0}{2}. \tag{6}$$

3.2 When does the Stag Hunt obtain?

Proposition 4 (Intermediate cost condition)**.** *Under Assumption 2, the microfoundation (6) satisfies the Stag Hunt inequalities (1) if and only if*

$$\frac{\tau(Q_1 - Q_0)}{2} < k < \frac{\tau(Q_2 - Q_1)}{2}. \tag{7}$$

Proof. We require $a > c$ and $d > b$ (the remaining inequalities follow from (5) and $k > 0$). Using (6),

$$a > c \iff \frac{\tau Q_2}{2} - k > \frac{\tau Q_1}{2} \iff k < \frac{\tau(Q_2 - Q_1)}{2},$$

$$d > b \iff \frac{\tau Q_0}{2} > \frac{\tau Q_1}{2} - k \iff k > \frac{\tau(Q_1 - Q_0)}{2}.$$

Combining yields (7). □

[3] Unequal splitting is handled in Section 4 via endogenous shares.

Condition (7) has a crisp meaning: the investment cost is high enough that being "one of the few" high-standard actors is privately unattractive, but low enough that mutual high standards are profitable.

4 Many Dommes: A Tipping-Point Stag Hunt

We now extend to n dommes to capture ecosystem-wide coordination and tipping.

4.1 Setup

There are $n \geq 2$ dommes. Each chooses S or H. Let m be the number choosing S and let

$$x = \frac{m}{n} \in \left\{0, \frac{1}{n}, \ldots, 1\right\}$$

be the fraction choosing S. Let $Q : [0,1] \to [0,1]$ be total participation (mass of subs) as a function of x.

Assumption 3 (Participation is increasing)**.** *Q is continuous and strictly increasing.*

To model competition for participating subs, assume a simple demand-share rule: each S-domme has attractiveness weight $w > 1$ and each H-domme has weight 1. Then, given fraction x playing S, an S-domme's expected share and an H-domme's expected share are

$$s_S(x) = \frac{w}{wx + (1-x)}, \qquad s_H(x) = \frac{1}{wx + (1-x)}. \tag{8}$$

Let $\tau > 0$ be net revenue per participating sub, and let $k > 0$ be the cost of choosing S.

Expected payoffs:

$$\pi_S(x) = \tau Q(x) s_S(x) - k = \tau Q(x) \frac{w}{wx + (1-x)} - k, \tag{9}$$

$$\pi_H(x) = \tau Q(x) s_H(x) = \tau Q(x) \frac{1}{wx + (1-x)}. \tag{10}$$

Define the payoff difference:

$$\Delta(x) = \pi_S(x) - \pi_H(x) = \tau Q(x) \frac{w-1}{wx + (1-x)} - k. \tag{11}$$

4.2 Tipping threshold

Proposition 5 (Interior threshold)**.** *Suppose Assumption 3 holds and there exists $x^* \in (0,1)$ such that*

$$\Delta(x^*) = 0. \tag{12}$$

Then choosing S is optimal for a domme whenever $x > x^*$ and suboptimal whenever $x < x^*$.

Proof. From (11), a domme prefers S iff $\Delta(x) \geq 0$. If Δ crosses zero at x^*, the sign changes at the root. □

Equation (12) can be written explicitly as

$$\tau Q(x^*) \frac{w-1}{wx^* + (1-x^*)} = k. \tag{13}$$

This identifies x^* as the market "tipping point" separating the low-investment region from the high-investment region.

4.3 Learning/evolutionary dynamics

A standard model of strategy adoption is the replicator dynamic:

$$\dot{x} = x(1-x)\Delta(x), \tag{14}$$

where $\Delta(x)$ is the payoff advantage of S.

Proposition 6 (Stability and basins)**.** *Assume Δ is continuous and has a unique root $x^* \in (0,1)$ with $\Delta(x) < 0$ for $x < x^*$ and $\Delta(x) > 0$ for $x > x^*$. Then $x = 0$ and $x = 1$ are locally asymptotically stable rest points of (14), and $x = x^*$ is unstable. The basin of attraction of $x = 1$ is $(x^*, 1]$ and that of $x = 0$ is $[0, x^*)$.*

Proof. From (14), $\dot{x}$ has the sign of $\Delta(x)$ on $(0,1)$. Thus x decreases for $x < x^*$ and increases for $x > x^*$, yielding the stated stability properties. □

5 Comparative Statics: What Moves the Tipping Point?

The selection problem is governed by the "risk" of investing when others do not. The math cleanly identifies levers that reduce this risk.

5.1 Two-player comparative statics

In the two-player model, a domme plays S whenever her belief p that the opponent plays S exceeds p^* in (2). Lowering p^* makes S optimal under weaker optimism. From (2), p^* decreases when:

- a increases (higher payoff from mutual investment),
- b increases (less punishment for unilateral investment),

and increases when:

- c increases (higher free-rider payoff),
- d increases (higher baseline payoff from mutual low investment).

5.2 Population comparative statics

In the n-player model, the tipping point x^* is defined implicitly by (13). Qualitatively:

- Lower k (lower cost of high standards) reduces x^*.
- Higher τ (higher net revenue per participating sub) reduces x^*.
- Higher w (stronger ability of subs to identify and prefer S-dommes) reduces x^*.
- A steeper $Q(\cdot)$ (trust investment more strongly expands participation) reduces x^* for relevant ranges.

The parameter w deserves emphasis: it captures *observability and credible differentiation.* When w is high, an S-domme can capture more demand even when S is not yet common, thereby mitigating the coordination problem.

6 Implications: Optimal Actions for Dommes

We now translate equilibrium logic into strategy. Because this is a coordination game, "optimal" has two layers: (i) *best response* given beliefs and environment, and (ii) *strategic environment-shaping* to move the market into the high-payoff basin.

6.1 Best response (given the game)

- **Two-player**: by Theorem 1, choose S iff your belief p that the relevant competitor set plays S satisfies $p \geq p^*$.
- **n-player**: by Proposition 5, choose S iff the perceived fraction x of dommes playing S exceeds x^*.

This is the blunt local-rationality conclusion: below the tipping point, H is individually safer.

6.2 Changing the game (moving p^* and x^*)

The more important strategic lesson is that dommes can take actions that alter the parameters of the game—effectively changing (a, b, c, d) or (k, τ, Q, w).

(1) Increase observability and credible differentiation (raise w, raise b, reduce c). Actions that make high-standard conduct verifiable increase w in (8) and raise the unilateral-investment payoff b relative to the free-rider payoff c. Economically, this makes S pay even when rare, lowering x^*.

(2) Form enforceable coalitions / "clubs" (raise beliefs above threshold). Publicly committed groups with real enforcement (membership criteria, monitoring, credible exit costs) generate common knowledge that a nontrivial mass will play S, shifting beliefs p upward and pushing realized x above x^*.

(3) Support mechanisms that penalize low-standard free-riding (lower c and d). Reputation systems that bite, moderation that removes fraudulent actors, and dispute-resolution practices reduce the payoffs to H, shrinking the basin of attraction of the low-trust equilibrium. Note that this overlaps, and could be practically merged with (2).

(4) Reduce your own cost of S (lower k). Operational maturity reduces k and can make S privately optimal at lower x. Low-k dommes can serve as "seeds" that help the ecosystem cross the tipping point.

(5) Choose platforms/niches with better enforcement and signaling. Platforms differ in effective τ (net revenue after frictions), in w (how well quality is surfaced), and in the shape of $Q(\cdot)$ (how trust affects participation). Entering a well-designed platform is equivalent to entering a Stag Hunt with a lower x^* and greater likelihood of selecting the high-trust equilibrium.

7 Discussion and Extensions

Several extensions follow naturally.

- **Heterogeneous costs:** let k_i vary across dommes; equilibria become threshold sets in k_i.
- **Global games refinements:** adding small payoff uncertainty can select the risk-dominant equilibrium, explaining why low-trust outcomes can be "sticky" absent public coordination devices.
- **Two-sided market pricing:** endogenize τ and $Q(\cdot)$ from sub utility, retention, and outside options; analyze platform policy.

8 Conclusion

Modeling findom competition as a Stag Hunt clarifies a central strategic reality: high standards are jointly profitable but individually risky when others do not invest. The equilibrium structure predicts tipping behavior and multiple stable regimes. The optimal strategy is therefore twofold: (i) play the best-response threshold given beliefs and environment, and (ii) invest in mechanisms that change the game by improving observability, reducing free-riding, and enabling credible coordination. In coordination markets, the highest-return "competitive advantage" can be institution-building that makes trust investment safe.

References

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